

City of Deltona

2345 Providence Blvd. Deltona, FL 32725

Agenda

City Commission Workshop

Mayor John C. Masiarczyk Sr.
Vice Mayor Chris Nabicht
Commissioner Christopher Alcantara
Commissioner Anita Bradford
Commissioner Heidi Herzberg
Commissioner Gary Mitch Honaker
Commissioner Brian Soukup

Monday, February 27, 2017

5:30 PM

Deltona Commission Chambers

- 1. CALL TO ORDER:
- 2. ROLL CALL CITY CLERK:
- 3. PLEDGE TO THE FLAG:

PUBLIC COMMENTS: – Citizen comments limited to items not on the agenda and comments on items listed on the agenda will take place after discussion of each item.

- 4. BUSINESS:
- A. Purchasing 101

Strategic Goal: Fiscal/maintain a balanced budget.

Background: This is a presentation of Public Procurement information related to

City Procurement Policies and Procedures. It provides information regarding Purchasing thresholds and approvals and the different methods that can be used when procuring goods and services for

the City.

Attachments: POWERPOINT WITH NOTES PAGES.pdf

B. <u>City of Deltona Incentive Program - Jerry Mayes, Economic Development</u>
Manager, 386-878-8619

Strategic Goal: Economic Development

Background: Incentives are part of the economic development landscape that

governments use to remain competitive in the business recruitment and expansion arena. Site selectors and developers traditionally use a 'check-off strategy' when reviewing locations. The main goal is not to approve a location but to eliminate all locations that don't meet the stringent criteria of the developing business. Using predetermined items, site selectors look for a way to speed this elimination process. Miss a check-off item and your eliminated, leaving a limited number of sites to be presented for formal review. That's why it's imperative that any development organization have incentive recruiting an and expansion program to remain competitive. The City of Deltona has none.

The program to be discussed involves incentives for (1) recruitment of businesses to the City, (2) recruitment of developers to the City so that new businesses can be then recruited to those to be built locations, and (3) for expanding and retaining local businesses. Thus, for the City of Deltona, this becomes (1) job creation, (2) the development of a commercial tax base, and (3) the creation of a local, in-city workforce to be used in further recruitment.

Attachments:

Incentives - 2017.02.22

INCENTIVES PPt 02.27.2017 Workshop

5. CITY MANAGER COMMENTS:

6. ADJOURNMENT:

NOTE: If any person decides to appeal any decision made by the City Commission with respect to any matter considered at this meeting or hearing, he/she will need a record of the proceedings, and for such purpose he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based (F.S. 286.0105).

Individuals with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk, Joyce Raftery 48 hours in advance of the meeting date and time at (386) 878-8500.



City of Deltona

Agenda Memo

AGENDA ITEM: A.

TO: Mayor and Commission AGENDA DATE: 2/27/2017

FROM: Jane K. Shang, City Manager **AGENDA ITEM:** 4 - A

SUBJECT: Purchasing 101

Strategic Goal: Fiscal/maintain a balanced budget.

LOCATION:

N/A

BACKGROUND:

This is a presentation of Public Procurement information related to City Procurement Policies and Procedures. It provides information regarding Purchasing thresholds and approvals and the different methods that can be used when procuring goods and services for the City.

COST:

N/A

SOURCE OF FUNDS:

N/A

ORIGINATING DEPARTMENT:

Finance

STAFF RECOMMENDATION PRESENTED BY:

N/A

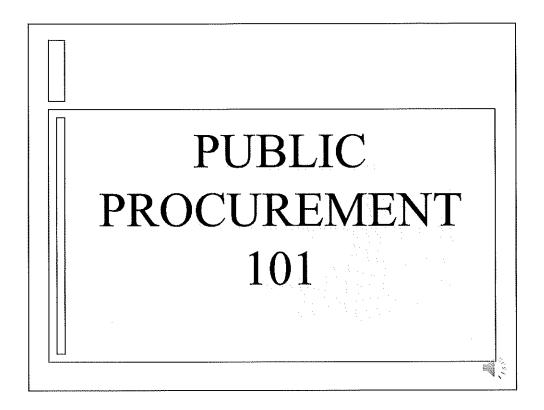
POTENTIAL MOTION:

N/A

City Of Deltona

Kate Nason, CPPO, CPPB, SPSM Purchasing Manager in 19th year with the City

- Bachelors' Business Management
- Certified Public Procurement Officer
- Certified Professional Public Buyer both through the Universal Public Procurement Certification Council/NIGP
- SPSM-Senior Professional in Supply Management-Next Level Purchasing



It is important to abide by the law and City policy when purchasing in the public sector

Purchasing Division Code of Ethics

Purchasing operates under the code of ethics
established by the National Institute of
Government Purchasing (NIGP). Purchasing
staff are active members and perform under
the ethical principles defined by NIGP

Purchasing Thresholds and Approvals

- 0 \$1,000: Credit card. Card holder monthly statement approved by Dept. Director.
- 0 \$1,000: Purchase Order (PO). 1 Quote with Purchasing, Finance, & Dept. Director approval required.
- \$1,000.01 \$5000: 3 Quotes, Piggyback, Sole Source, Contract or Pricing Agreement with Purchasing, Finance, & Dept. Director approval required.
- \$5,000.01 \$25,000: Above & City Manager approval required.
- \$25,000.01 and up (Budgeted): Sealed Bid, Piggyback, Sole Source, Contract or Pricing Agreement with Purchasing, Finance, Dept. Director & City Manager approval required.
- \$25,000.01 and up (Not Budgeted or Over Budget): Above & City Commission approval required.

Commission Approval of Award

- If funding was not approved in the budget or if approved amount is exceeded, Commission approval is required <u>prior</u> to any purchases being made.
- If funding was approved in the budget, City Manager has authority to approve award.

In April of 2014, at the request of the Commission, the Purchasing Policy was changed so that if funding was approved in the budget, the City Manager could approve the award. This change saves a significant amount of time in getting things done

Purchasing Methods

There are multiple methods Purchasing can use to solicit pricing for goods, services and information:

- *Request for Quotes
- *Cooperative Purchasing
- *Invitation to Bid
- *Emergency Purchases
- *Request for Proposals
- *Standardization
- *Request for Qualifications
- *Sole Source
- *Piggybacking

RFQ- Request for Quote

Informal method of procurement used for goods and services \$25,000 and under

- Sod, rock, pipe or other materials
- Services (pest control, plumbing services)
- Small tools and equipment

Formal Competitive Invitation to Bid

- Used when clear specifications are available and competition is prevalent for items over \$25,000
 - Services/Construction work
 - Remodel at City Hall
 - New Community Center
 - PW Projects
 - Goods
 - Chemicals
 - Paper goods (envelopes, bill forms, door hangers, business cards)

Request for Proposals

- Used to solicit proposals from potential providers for goods and services
- Specify the nature of the requirement
- Vendors submit proposals for accomplishing a specific goal
 - > Healthcare/Dental
 - > Feasibility Study Police
 - > Debris Monitoring & Debris Removal Contracts

Request for Qualifications for Professional Services

- "Professional Services" means those services within the scope of the practice of architecture, professional engineering, landscape architecture, or registered surveying and mapping, as defined by the laws of the state. (FS 287.055).
- Continuing Services Contracts-used to pre-qualify firms for study activity up to \$200,000 or when the construction costs will not exceed \$2,000,000.
- Request for Qualifications for Professional Services must follow the Consultants Competitive Negotiation Act (CCNA)

Request for Qualifications for Professional Services

- Used to obtain statements of the qualifications of potential development teams or individuals (i.e consultants) to gauge potential competition in the market.
- Can be used for a particular scope of work or continuing services (price is not a factor).
 - Architect or Engineering (consulting) services for a specific project
 - Lake Monroe Trail
 - New Community Center
 - Continuing On-call Engineering (Consulting) Services

Stormwater

Water Resources

Civil

Transportation

Piggybacking

- State, Government Agency and Organization's contracts that have already been competitively bid so the need to bid is satisfied
- Desirable if time is a constraint or if chances for obtaining better prices from other sources is poor
- Examples: Volusia County Contract (Batteries)
 - Sherriff's Contract (Trucks, equipment, etc.)
 - State of Florida (Office supplies)

The City piggybacks the State Contract for Office Supplies using Office Depot. It is financially prudent to piggyback in certain situations. Recently an item was out of stock online. Our contract price is \$4.17 and they offer free next day delivery. The same exact thing in the store is \$36.99. We piggyback when it makes sense financially and it is in the best interest of the City.

Cooperative Purchasing

- Used when two or more entities combine their requirements to obtain advantages of volume purchases including administrative savings and other benefits.
- A variety of arrangements whereby two or more public procurement units purchase from the same supplier or multiple suppliers using a single ITB or RFP.
- **■** Examples:
 - *New playground set
 - *Sports Lighting

Cooperative Purchasing Groups

- The City is a member of the following:
 - *NCPA National Cooperative Purchasing Alliance
 - *US Communities
 - *NJPA National Joint Purchasing Alliance
 - *HGACBuy -Houston Galveston Area Council
 - *TCPN- The Cooperative Purchasing Network
 - *National IPA-National Intergovernmental Purchasing Alliance
 - *TIPS/TAPS-The Interlocal Purchasing System
 - *Buyboard

Emergency Purchases

An urgent and immediate need for equipment, supplies or repair service, the lack of which would seriously handicap the operation of city government, where the protection of the life, health, safety or welfare of the community or the preservation of public properties would not be possible through normal purchasing procedures

Used during hurricanes or another emergency type situation. The City Manager may authorize purchases of any amount when circumstances require immediate requisition of goods and service and request Commission ratification at the next meeting. Order under \$25,000 may be approved and ratified by Purchasing to the City Manager

Standardization

Standardization is authorized based on compatibility of equipment, cost savings to the city, ease of maintenance, safety factors, or any other grounds found to make standardization in the best interest of the City Examples: printers, trucks

The City standardizes on different things such as printers, trucks, etc. in order to avoid the cost of additional training, ease of maintenance and to avoid the cost of additional parts and inventory

Sole Source

- Used when there is only one known supplier EXAMPLES:
- Purchases from a manufacturer's sole sales agency
- Patented items
- Purchase of a particular brand of computer equipment because it is exclusively compatible with the mainframe computer

Sole source is used for items such as medical equipment used by the Fire Department and when there is only one source for a particular item or service

Contract/Pricing Agreement

- A Contract is an agreement between parties with binding legal and moral force usually exchanging goods or services for money or other considerations.
 - *Brighthouse Public Information
 - *Continuing On-call Engineering (Consulting) Services
- A Pricing Agreement is a contractual agreement in which a purchaser contracts with a vendor to provide the purchaser's requirements at a pre-determined price.
 - *Ace Hardware
 - *Aloma Printing
 - *HD Supply

Conclusion

- Commodities may be purchased by a variety of procurement methods.
- Public Procurement can be very complicated and it is imperative to abide by City policy as well as the law.



City of Deltona

Agenda Memo

AGENDA ITEM: B.

TO: Mayor and Commission AGENDA DATE: 2/27/2017

FROM: Jane K. Shang, City Manager **AGENDA ITEM:** 4 - B

SUBJECT:

City of Deltona Incentive Program - Jerry Mayes, Economic Development Manager, 386-878-8619

Strategic Goal: Economic Development

LOCATION:

Citywide

BACKGROUND:

Incentives are part of the economic development landscape that governments use to remain competitive in the business recruitment and expansion arena. Site selectors and developers traditionally use a 'check-off strategy' when reviewing locations. The main goal is not to approve a location but to eliminate all locations that don't meet the stringent criteria of the developing business. Using a list of predetermined items, site selectors look for a way to speed this elimination process. Miss a check-off item and your site is eliminated, leaving a limited number of sites to be presented for formal review. That's why it's imperative that any economic development organization have an incentive recruiting and expansion program to remain competitive. The City of Deltona has none.

The program to be discussed involves incentives for (1) recruitment of businesses to the City, (2) recruitment of developers to the City so that new businesses can be then recruited to those to be built locations, and (3) for expanding and retaining local businesses. Thus, for the City of Deltona, this becomes (1) job creation, (2) the development of a commercial tax base, and (3) the creation of a local, in-city workforce to be used in further recruitment.

COST:

Undetermined. Each proposed economic development package will be reviewed by City staff and partners (i.e. TVEDC) and put before the Commission for discussion and decision.

SOURCE OF FUNDS:

Non-appropriated at this time. City funds.

ORIGINATING DEPARTMENT:

City Manager's Office - Economic Development

STAFF RECOMMENDATION PRESENTED BY:

Jerry Mayes - Staff recommendations are that the City of Deltona Commission accept this menu of economic development incentives to be formalized by Commission vote in Regular Commission

AGENDA ITEM: B.

Meeting. It is understood that an affirmative Commission Workshop decision and an affirmative Regular Commission Meeting vote will simply allow these incentive items to be properly posted on the website. It is further stated and understood that any business asking or applying for incentives will, ultimately, come before the City of Deltona Commission for review and potential approval.

POTENTIAL MOTION:

For discussion and direction to staff as necessary.

City of Deltona Performance Based Incentives-Proposed

Governments often use direct subsidies or tax credits as incentives to encourage investment and promote economic growth and other development objectives. Properly designed and implemented, using a Cost Benefit Analysis & Return on Investment Projections, these incentives can advance a wide range of policy objectives such as increasing employment, promoting sustainability, enhancing citizens' quality of life, and increasing economic equality, to name a few.

All incentives paid will be based upon proof of performance.

1. <u>Ad Valorem Tax and Impact Fee Reimbursement Incentive</u>- To encourage <u>new construction</u> of <u>qualified</u> businesses, the City of Deltona is willing to offer the following incentives.

<u>Ad Valorem Property Tax Reimbursement</u> - Reimburse the Ad Valorem taxes paid to the City on a graduated scale, over a five year period.

- -Year 1 through 3- 100% of the City's Ad Valorem property taxes paid to the City may be refunded.
- -Year 4 through 5- 50% of the City's Ad Valorem property taxes paid to the City may be refunded.

The **qualifications** for this incentive are as follows:

- 1. The application for the Job Creation Incentive must be submitted prior to making a location decision and this waiver may be a part of that application.
- 2. Be a <u>Primary Target Industry</u>, an industry with an average annual wage of at least 115% of the then (time of application) prevailing Volusia County average wage (example: VC Avg. Annual Wage is \$33,000, x.15 = \$4,950 + \$33,000 = \$37,950). That wage and above is incentivized. This could also be <u>Named Industries</u> as targets for growth or exceptions for <u>Bulk Job Creation Numbers</u> to build inner-city jobs to spur specified area growth. See graph on Page 2, Graph 1)

<u>Fire and police impact fee reimbursements</u>- Businesses that qualify for the "Ad Valorem Tax Reimbursement (*listed above*)" may apply for waivers for City of Deltona's Fire and Police Impact Fees. The reimbursement can be applied for at any time, but will not be paid until after the project is completed.

<u>Permit Fee Reimbursements</u>- Businesses that qualify for the "Ad Valorem Tax Reimbursement (*listed above*)" may apply for waivers for City of Deltona permitting and inspection fees. The reimbursement can be applied for at any time, but will not be paid until after the project is completed.

<u>Expedited Program Processing</u>- The City of Deltona Expedited Processing Program offers processing based on expedited Plan Amendments, Zoning, Plan Review, and Permitting. This processing must conform to the State Fire Code and the State Building Code.

Infrastructure Incentive Grants- The City of Deltona will consider, on an application-by-application basis, offering grants on a 50/50 basis, in limited dollar amounts, to businesses negatively impacted by lack of transportation or utility infrastructure features at and to the property to be developed. Additionally, the State of Florida offers Infrastructure Incentives such as the Economic Development Transportation Fund (EDTF). The EDTF, commonly referred to as the "Road Fund", is an incentive tool designed to help alleviate transportation problems that adversely impact specific location or expansion decisions, based on State allocation toward that fund. The award amount is based on the number of new and retained jobs and the eligible transportation project costs, up to a maximum of \$3 million. The award is made to the local government on behalf of a specific business and used for public transportation improvements. Again, these are State of Florida funds and the State must allocate funds for this program annually.

<u>Land Assembly Initiatives</u>- The City of Deltona, recognizes that some residential areas are currently being re-designated to commercial zoning for commercial development. The City of Deltona supports this effort in the "approved redevelopment areas". In order to assist this lot assemblage, the City of Deltona may offer some or all of the incentives listed above.

All incentives paid will be based upon proof of performance.

2. <u>Job Creation Incentives</u>- To encourage "living-wage and quality of life based jobs" within the City of Deltona, the City of Deltona also offers the following Job Creation Incentives:

Minimum Job Numbers- The project must result in a minimum of ten new full- time jobs within the City of Deltona, within one year of project completion. The burden of proof is on the company prior to any funds being transferred.

<u>Timing of Incentive</u>- This incentive will be paid annually over a four year period, based on one-fourth paid annually. Incentives are based on the then prevailing Volusia County average wage. The prevailing wage changes every year and the recipient company will need to meet the then current wage. Applicant must provide agreed to proof of jobs and wages at time of annual payment request.

Qualifying companies are eligible for the following average annual wage at the time of the annual application);

(EXAMPLE GRAPH 1)									
New Job Incentive (per job)									
\$2,000 (divided by 4 years)									
\$3,000 (divided by 4 years)									
\$4,000 (divided by 4 years)									
\$5,000 (divided by 4 years)									

This incentive program can be used for qualifying businesses either relocating or expanding to the City of Deltona, or by businesses currently residing within the City of Deltona, for business expansion and retention.

- **3.** Additional incentives to encourage investment in <u>current property</u>: To better utilize the existing commercial properties within the City of Deltona, the following incentives are offered:
 - <u>Rehabilitation Incentive</u>- A business purchasing, renovating, or expanding an existing commercial property may apply all the above incentives listed under other incentives;
 - <u>Demolition Assistance Program</u>- This incentive is based on a limited 50/50 grant match for the demolition costs and a reimbursement of the demolition application fee if building being demolished is a "City of Deltona Targeted Blight Reduction Building";
 - <u>Beautification Grants</u>- These potential grants would be based on a grant match. Grants for commercial beautification of buildings within certain targeted areas (example: *Southwest Deltona CRA*) may be ranked higher than grant applications for businesses outside certain targeted areas.

Only properties owned by the applicant at the time of application may be considered for incentives. Retail plaza (property) owners may make application, but applications from individual tenants will not be accepted.

There are certain State and County incentives and grants which may be available. The City of Deltona, and the City's economic development partners, will work with any company qualifying for these grants and incentives toward the receipt and utilization for a development located within the City of Deltona or on a parcel of land that qualifies for annexation by the City of Deltona.

All grants and incentives are at the discretion of the Deltona City Commission and are approved on a case-by-case basis.

All incentives paid will be based upon proof of performance.

All incentives paid will be based upon proof of performance.

PURPOSE OF CASE STUDY:

To illustrate the financial impact of a property tax incentive over a 5 year period, with a 100% property tax credit for the first 3 years and 50% property tax credit for the remaining 2 years.

The following example provides for a 5 year tax credit as mentioned above and is based on a 10 acre non-improved, commercial land parcel valued at \$1,000,000.

Total Land Valuation: \$1,000,000

Number of Acres 10

Valuation per Acre \$100,000

Current City Millage 0.00795 (millage may vary)

Tax per Acre / Per Year with no Increase in Value: \$795

" A Tax Relief / No Tax Relief Comparison"

			F	Per Acre				
	Proposed Tax Credit		No Tax Credit		 Credit / Acre		Total Credit-10 ac.	
Year 1	\$	-	\$	795.00	\$ 795.00	\$	7,960.00	
Year 2		-		795.00	795.00		7,960.00	
Year 3				795.00	795.00		7,960.00	
Year 4 @ 50%		398.00		795.00	398.00		3,960.00	
Year 5 @ 50%		398.00		795.00	398.00		3,960.00	
5 Year Total	\$	796.00	\$	3,975.00	\$ 3,181.00	\$	31,800.00	
		Per Acre		Per Acre	Per Acre	Per	10 Acre Parcel	

The City will have had the benefit of job/workforce creation for improved quality of life and in-City job creation as an accelerator to justify providing businesses (restaurants, service companies, retail, etc.) tax credits for the 5 year period.

After year 5, the amount of property tax the City would collect would be based on the full taxable value of the improved property multiplied by the City's current millage.

As an example, if the improved property resulted in a \$5,000,000 taxable value in year 6, assuming a 7.95 millage rate, the annual property tax on the improved land would be \$39,950 in year 6; the City would have provided total tax credit of \$31,960 over the previous 5 years. Therefore, the City's break-even point for the tax credit granted would be approximately 9.6 months of full tax, versus the property remaining undeveloped.

All incentives paid will be based upon proof of performance.

INCENTIVES

"The footsteps you hear behind you are the competition."



Does Deltona become competitive"?

In today's world, site selectors and developers use elimination to narrow the field of search.

Where do they look?



The Search

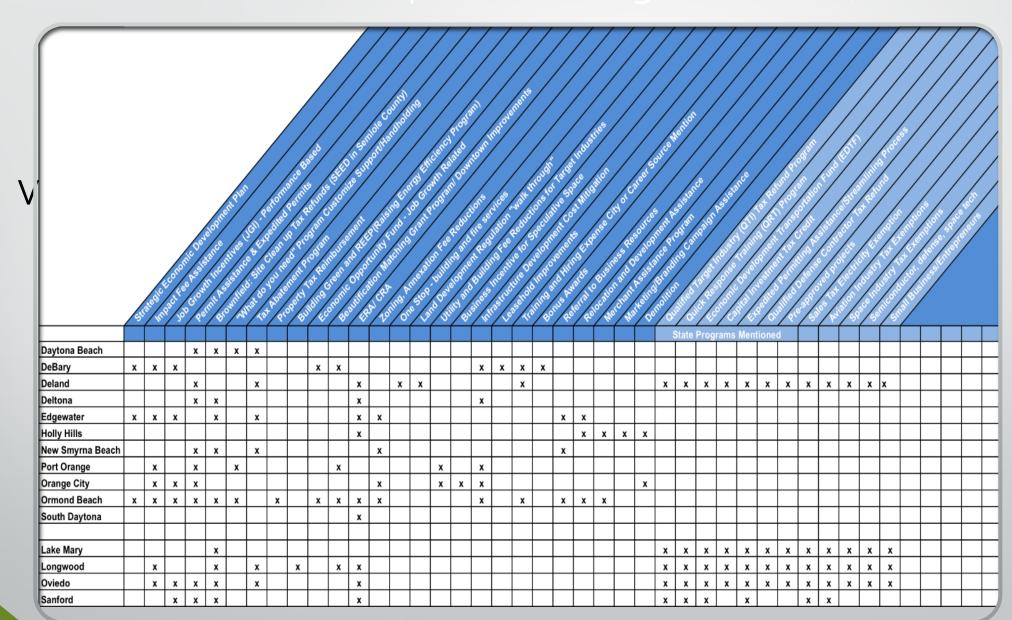
Websites

- The first spots that are researched are the City's and associated websites (TVEDC, Duke Energy, FP&L, etc.) websites.
- Deltona is developing a new, EcD based website that will have a robust site database.

The Elimination

- If a City doesn't have the needed criteria for development, that City doesn't 'beat the cut'.
- ...and it takes more than "dirt"!

What is the competition doing? (2016 Study)



Many things to consider...

Ready to develop sites...locations.

Ready <u>infrastructure</u> (power, water, sewer, natural gas, fiber optics, roads).

Trained, skilled workforce.

Reasonable owner **price** expectations.

A <u>termed</u> and <u>graded</u> <u>strategic economic</u> <u>development plan</u>.

Consistency (no unsettled politics).

Published incentive plan.



Really? Why incentives?

- Not having incentives are is of those items that disqualify our city. The cut is done at the website. We never even know we've been searched and never know we've been eliminated. We just don't get the call.
- Many site selectors are paid based on the incentives they negotiate.
- To remain in the race, we need <u>published incentives</u>.

What incentives?

- Staff is putting information before you so you can make a good decision.
- As the Commission, the incentives will be your decision!
- Let's look at the various types of incentivized projects you may see...



New development and job creation.

Speculative development.

Local business expansion.

------WE WANT------AD VALOREM TAXES
AND IN-CITY JOBS

Who decides what?

Well, you do!

New development? Speculative development? Business expansion. Asking for incentives.

Yours for discussion, consideration, and decision.

You decide the incentives posted on the website. Your decision. It's a display case of potential incentives.

In the end, <u>you decide</u> which incentives when you have an actual deal in front of you that counts. It's a <u>negotiation</u>.